

Message Text

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PAGE 01 TOKYO 05361 231132Z

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E.O. 11652: N/A

TAGS: EAID, US

SUBJECT: INQUIRY BY JAPAN'S OVERSEAS ECONOMIC COOPERATION FUND (OECF) CONCERNING USAID CAPITAL PROJECTS GUIDELINES: BORROWER PROCUREMENT OF ENGINEERING AND OTHER PROFESSIONAL SERVICES (MO 1442.1, MARCH 1971)

SUMMARY. OECF OFFICIAL WILL SEEK APPOINTMENT WITH AID/W MAY 2 TO DISCUSS QUESTIONS RELATED TO MO 1442.1. END SUMMARY.

1. JAPAN'S OECF IS CONDUCTING A STUDY OF VARIOUS DONOR COUNTRIES' PROCUREMENT PRACTICES. IN CONNECTION WITH THIS STUDY, OECF OFFICIALS HAVE PREPARED SEVERAL QUESTIONS RE AID CAPITAL PROJECTS GUIDELINES: BORROWER PROCUREMENT OF ENGINEERING AND OTHER PROFESSIONAL SERVICES. DR. KUNIO TAKASE, DEPUTY DIRECTOR OF OECF'S ECONOMIC RESEARCH AND TECHNICAL APPROVAL DEPARTMENT, WILL BE IN WASHINGTON APRIL 27 - MAY 2, AND PLANS TO SEEK AN APPOINTMENT AT AID/W ON MAY 2 TO DISCUSS ZYE QUESTIONS. EMBASSY WOULD APPRECIATE APPROPRIATE ASSISTANCE BEING RENDERED TO TAKASE.

2. FOR PRIOR INFO OF AID/W, TAKASE PROVIDED COPIES OF HIS QUESTIONS. THESE ARE QUOTED BELOW, WITH CITATIONS TO MO 1442.1. QTE: A) RE PARAS 1.1 (APPLICABILITY) AND 2.1A(3) (SCOPE OF CONSULTANTS SERVICES); IT IS UNDERSTOOD THAT THIS GUIDELINE IS IN PRINCIPLE APPLICABLE TO EVERY EMPLOYMENT PROCEDURE OF CONSULTANTS BY AID'S BORROWERS FOR THE PROJECTS WHICH ARE FINANCED IN WHOLE OR IN PART
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PAGE 02 TOKYO 05361 231132Z

BY AID, THOUGH THE BORROWERS FINANCE THEMSELVES THE CONSULTING

SERVICES CONCERNED. (SECTION 1.1) HOWEVER, SECTION 2.1 A (3) STIPULATES PRACTICAL APPLICABILITY OF THE RULES AND DESCRIBES THAT IT WILL VARY ACCORDING TO THE CIRCUMSTANCES. WOULD YOU KINDLY TELL US IN DETAIL THE CASES WHERE THIS GUIDELINE IS APPLICABLE ALTHOUGH AID DOESN'T FINANCE THE SERVICES IN PART OR AT ALL? B) RE PARA 1.7 (FORCE OF GUIDELINES): WHAT ARE THE PRACTICAL WAYS OF MAKING THIS GUIDELINE EFFECTIVE FOR BINDING THE BORROWERS AND CONSULTANTS? WOULD YOU KINDLY SHOW US THE REAL CASES BY TYPICAL EXAMPLES? C) RE PARAS 1.6 (SOURCE AND ORIGIN RULES) AND 2.6B(2): IT IS UNDERSTOOD THAT THIS GUIDELINE DOESN'T IN PRINCIPLE DISCRIMINATE AGAINST THE FOREIGN FIRMS WHO WANT TO PARTICIPATE IN THE PROJECTS TO BE FINANCED BY AID (1.6 A, B, D). HOWEVER, IT SEEMS THAT AID IS VERY MUCH CONCERNED WITH THE UTILIZATION OF U.S. FIRMS (2.6B(2)). WHAT IS AID'S BASIC POLICY ON THE USAGE OF CONSULTANTS? D) RE PARA 2.5 (CERTAIN FACTORS AFFECTING ELIGIBILITY OF FIRMS): BOTH IBRD AND ADB PLACE GREAT IMPORTANCE ON IMPARTIALITY OF CONSULTANTS AS ONE OF THE INTERNATIONAL RULES WHEN THE PROJECTS ARE FINANCED BY THEM. HOWEVER, THIS GUIDELINE DOESN'T REFER TO IMPARTIALITY OF CONSULTANTS AT ALL. WQT DOES AID THINK OF IMPARTIALITY OF CONSULTANTS WHEN THEY ARE UTILIZED? E) RE PARA 4.5 (CONSULTANT AND PERSONNEL APPROVALS: WHAT DOES THE ADVANCE AID'S APPROVAL OF CONSULTANTS MEAN? (4.5 A) DOES THIS MEAN THE REGISTRATION OR FILING OF POTENTIAL CONSULTANTS BY AID? IS EVERY CONSULTANT APPLIED (SIC) AUTOMATICALLY APPROVED BY AID? F) RE PARA 5.2 (PAYMENT METHODS): IN WHAT CASES AND FOR WHAT PURPOSES DOES AID PAY DIRECTLY TO THE CONSULTANTS? (5.2 C) UNQTE.
HODGSON

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